

Approved For Release 2000/09/01 : CIA-RDP82S00205R000100140008-1

MESSAGE FORM 10

25X1A

OER/I/TLC

Red 9100

14 February 1968

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1	2	3	4	5

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INDEX

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SAIGON

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REFERENCES: 25X1A

25X1A 1. CONCURS IN STATION REASONING AND CONCLUSION THAT A

25X1C WOULD NOT BE EFFECTIVE. RECENT HEADQUARTERS REVIEW REACHED SAME CONCLUSION. ADDITIONAL FACTORS SUPPORTING THIS CONCLUSION ARE: (A) SIHANOUK AGREEMENT TO PROVIDE RICE TO VC, REPORTEDLY AT RATE OF ABOUT 20,000 TONS ANNUALLY; (B) THIS AMOUNT BELIEVED SUFFICIENT TO COVER NEEDS OF VC/NVA FORCES IN SOUTHERN LAOS AND THE SEVEN GENERALLY RICE-DEFICIT BORDER PROVINCES OF SVN FROM KONTUM TO TAY NINH (REQUIREMENTS OF OTHER VC/NVA TROOPS IN SVN BELIEVED MET LOCALLY AND FROM NVN); (C) SIHANOUK SEEN LIKELY TO CONTINUE MEETING VC/NVA RICE REQUESTS. 25X1A AGREES THAT, IN 25X1C

ANY CASE, SOME SMUGGLING LIKELY TO PERSIST AND CAPABLE

RENDERING INEFFECTUAL ESPECIALLY 25X1C

S-E-C-R-E-T  
NO FOREIGN DISSEM

ROUTING AND/OR INITIALS - PAGE 01	
2	7
3	8
4	9
5	10

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PAGE TWO

25X1A

IN VIEW OF INCREASED RICE AVAILABLE FOR EXPORT. [REDACTED] CONSIDERS  
SMUGGLED RICE VOLUMES CITED IN REFERENCES UNREALISTIC, HOWEVER,  
BECAUSE LEGAL SALES ARE ADEQUATE TO MEET REQUIREMENTS OF  
COMMUNIST FORCES DEPENDENT ON CAMBODIAN RICE THERE IS NO  
APPARENT NEED FOR LARGE SCALE SMUGGLING. [REDACTED] DOES AGREE  
THAT SOME SMUGGLING TAKES PLACE AND WHILE [REDACTED] CANNOT  
QUANTIFY THE AMOUNT THE WEIGHT OF THE EVIDENCE SUGGESTS IT IS  
RELATIVELY SMALL.

25X1A

2. HEADQUARTERS GROUP MET [REDACTED] WITH [REDACTED]  
AND COMMUNICATED THESE JUDGMENTS TO HIM. RECENT HEADQUARTERS  
REVIEW THIS SUBJECT BEING POUCHED.

END OF MESSAGE

IN DRAFT:

SAVA  
ONE,

25X1A

25X1A9a

25X1A

25X1A

EDWARD L. ALLEN, D/OER

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**Comments Concerning a Cambodian-NLFSVN Trade Agreement**

In November 1967, Prince Sihanouk publicly acknowledged an oral agreement to provide the VC with rice and other supplies in exchange for dollars, but did not indicate when the agreement had been concluded. Many reports in the last three years claim the Cambodian Government officially participates in supplying rice to VC/NVA forces in South Vietnam.

We have been unable to establish either the effective date or the quantity of rice covered by the announced official agreement. Rising Communist requirements for rice and increasing RKG efforts to control rice exports and foreign-exchange transactions could have led to an agreement as early as 1965. If the official agreement was concluded prior to Sihanouk's first public reference in September 1967, it apparently did not cover all rice purchases because captured documents and PW statements show that, at least until mid-1967, some purchases were made through unofficial channels by unit supply cadres and paid for in riels. However, reports dating back to 1965 indicate the official agreement covers quantities of rice consistent with our estimates of annual requirements of VC/NVA forces in Southern Laos and the highland borders of South Vietnam. We believe requirements did not exceed 20,000 tons in either 1966 or 1967. Increased infiltration of troops from North Vietnam in the first five months of 1968 may increase requirements.

It is not clear whether the agreement was made with North Vietnam or the NLF/SVN. It would be logical in either case for the RKG to seek an anti-smuggling guarantee.

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Next 1 Page(s) In Document Exempt

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